

Bloomington Urban Enterprise Association



User's Guide to the Bloomington Urban Enterprise Zone

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A User's Guide to the Bloomington Urban Enterprise Zone: 2007-2012
Bloomington Urban Enterprise Association
May 2007

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Bloomington Urban Enterprise Association

May 1, 2007

Greetings,

On January 31, 2007 the Indiana Economic Development Corporation (IEDC) chose to renew the Bloomington Urban Enterprise Zone for an additional five year period. Managed by the Bloomington Urban Enterprise Association (BUEA), which falls under the auspices of the City of Bloomington's Housing and Neighborhood Development Department (HAND), the Urban Enterprise Zone provides an array of state tax incentives for businesses to locate and operate within Bloomington's urban core. These tax incentives also provide the means that allow the BUEA to offer a variety of services and programs to further economic development within the Zone.

This User's Guide describes Zone-related tax incentives as well as BUEA programs and services as of March 2007. Zone-related tax incentives provide significant savings to businesses, investors, and residents. Zone programs include grants and loans for building rehabilitation, grants to schools that educate Zone children, and partnerships with the Small Business Development Center and SEED Corp. to provide financing and technical assistance to entrepreneurs.

Unless altered by the state legislature or the BUEA board of directors, the state tax incentives and BUEA programs should be available to Zone businesses, investors, and residents through February 1, 2012. At that time, due to state statute, Bloomington's Enterprise Zone will expire. Until then, the Zone will remain a valuable economic development tool to aid in enhancing the quality of life for all Bloomington residents.

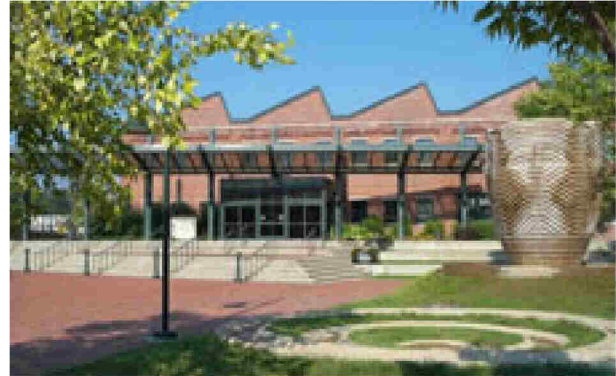
Sincerely,

Roger Kent
BUEA Board Chairman



The Bloomington Urban Enterprise Association

The Bloomington Urban Enterprise Association (BUEA) oversees the daily operations of the Bloomington Urban Enterprise Zone. Established in accordance with state code, the Enterprise Zone program exists to further economic development efforts in the city's urban core. Since 2001, the BUEA has fallen under the auspices of the City of Bloomington's Housing and Neighborhood Development Department (HAND). Since that time, by administering a handful of programs and educating Zone businesses and investors about Zone-related state tax incentives, the BUEA has spurred millions of dollars in increased investment and created or retained hundreds of jobs.



BUEA Governance

Though HAND is responsible for the daily operations of the organization, the BUEA is a 501(c)(3) organization governed by an independent board of directors. The board is established in accordance with state code and comprised of individuals representing various stakeholders in the Zone. The table below lists board members as of April 2007:

BUEA Board of Directors	
Roger Kent (Chair)	Anna Lynch
Jack Baker (Secretary)	Jeff Mease
Ron Stanhouse (Treasurer)	Vi Simpson
Danise Alano	Chris Sturbaum
Margarete Disque	Jeanne Walters

Zone Boundaries

The Zone encompasses much of the western edge of Bloomington's urban core. The Zone extends as far north as 17th Street and as far south as Country Club Drive. For the most part, the eastern boundary includes the structures along the eastside of South Walnut Street. Proceeding south, the eastern boundary extends out further for several blocks to include an industrial area and several apartment complexes. The west edge of the Zone follows a variety of streets that serve as boundaries for the Upper West Side, Near West Side, and McDoel Gardens neighborhoods. The western boundary also includes the Indiana Enterprise Center before heading south to include neighborhoods just to the west of South Rogers Street and South Rockport Road. A map of the Zone along with a list of addresses that fall within the Zone are located near the end of this document.



User's Guide to the Zone

This document provides an overview of Zone-related tax incentives and BUEA programs. These incentives and programs benefit Zone businesses, investors, and residents. At the end of this document are sample tax forms and program applications for the incentives and programs described herein. They are current as of May 2007. Those who wish to take advantage of Zone programs and incentives after 2007, should contact the BUEA at (812) 349-3805 or at <http://www.bloomington.in.gov/buea.php> for updated forms and applications.



Two downtown buildings that the BUEA helped restore. The restoration of historic facades makes the downtown more inviting and furthers business activity in the area. The above building is located at 109 N. College, while the building to the right is at 110 N. Walnut.



Incentives and Programs for Zone Businesses

Zone businesses are eligible to receive two state tax incentives and participate in four BUEA programs. The tax incentives include a credit for employing Zone residents and a deduction for property investment. Through partnerships with the South Central Indiana Small Business Development Center and SEED Corp., the BUEA makes technical assistance and seed financing available to Zone businesses. The BUEA also aids Zone businesses by through providing grants for historic façade preservation and loans for facility rehabilitation.

Enterprise Zone Investment Deduction

This deduction allows taxpayers to deduct the increased value of property within an Enterprise Zone following a qualified investment. A qualified investment includes the following:

- (1) The purchase of a building.
- (2) The purchase of new manufacturing or production equipment.



- (3) Costs associated with the repair, rehabilitation, or modernization of an existing building.
- (4) Onsite infrastructure improvements.
- (5) The construction of a new building.
- (6) Costs associated with retooling existing machinery.

The deduction is equal to the difference between the assessed property value following the qualified investment and the assessed property value of a base year (the year preceding the qualified investment).

To claim the deduction a taxpayer must fill out Form EZ-2 and file it with the county auditor between March 1 and May 10. The auditor determines the eligibility of each investment and is required to notify each applicant of their determination by August 15. If the auditor approves the deduction, taxpayers can take it the following year.

The deduction may be claimed for ten years or the life of the Enterprise Zone, which ever ends first. The amount of the deduction will be the same for each year and a Form EZ-2 must be filed each year. Claimants must annually file a Form EZB-R with the Indiana Economic Development Corporation and BUEA by June 1 as well as pay a participation fee to the BUEA.

EXAMPLE: Rehabilitation of Zone Business Property	
Base Year Assessed Value of Property	\$100,000
Assessed Value After Rehabilitation	\$150,000
Property Tax Deduction	\$50,000
Property Tax Rate	2.26%
Property Tax Liability Before Deduction ($150,000 * 0.0226$)	\$3,390
Property Tax Liability After Deduction ($100,000 * 0.0226$)	(\$2,260)
Property Tax Savings	\$1,130

Employment Expense Credit

Zone businesses that employ residents of the Zone may apply for a tax credit to be used towards the business's state tax liability. The credit is \$1,500 multiplied by the number of qualified employees.

Qualified employees must have a principal place of residence in the enterprise zone and perform services for a Zone business. At least 90% of the employee's services must be directly related to the conduct of the Zone business and at least 50% of the employee's services must be performed in the Enterprise Zone.

Employers can claim the credit by filing Schedule EZ with their state tax returns. This credit may be applied against the business's Indiana gross income tax, adjusted gross income tax liabilities, and/or insurance premium tax. Businesses claiming any Zone tax incentive must also annually



file a Form EZB-R with the Indiana Economic Development Corporation and BUEA by June 1, but unlike other tax incentives, a participation fee paid to the BUEA is not required.

EXAMPLE: Zone Business Employing 10 Zone Residents	
Number of Qualified Employees	10
Salary per Qualified Employee	\$30,000
Total Payroll for Qualified Employees	\$300,000
Employment Expense Credit for 10 Qualified Employees: $\$1,500 * 10 = \$15,000$	(\$15,000)
Effective Payroll for Qualified Employees	\$285,000
Business's Indiana Gross Income Tax Liability (Original)	\$45,000
Employment Expense Credit	(\$15,000)
Business's Indiana Gross Income Tax Liability (Final)	\$30,000

Entrepreneurial Support and Technical Assistance

The BUEA's Entrepreneurial Support and Technical Assistance Program allows Zone businesses to receive technical assistance from the South Central Small Business Development Center (SBDC) either at free or at a minimal charge. Interested businesses should contact SBDC at (812) 339-8937 for more information.

Entrepreneurial Financing Partnership

In collaboration with SEED Corp., the BUEA makes microloans available for use as seed capital to start a new small business or expand an existing small business. Interested Zone businesses should contact SEED Corp. at (812) 323-7827 for more information.

Historic Façade Preservation Grants

Annually, the BUEA allocates a limited dollar amount to provide funding to Zone businesses to rehabilitate and preserve their historic façades. Grants are awarded by the BUEA Board of Directors in an amount not to exceed \$10,000. Commercial and industrial properties are eligible for the grant which may be used only for the costs associated with actual and approved facade rehabilitation and other costs relating to the requirement of various building codes.

Businesses wishing to apply for an historic preservation grant should call the BUEA at (812) 349-3805 for an application. After completion, applications must be submitted to the BUEA staff for review along with renderings of the proposed façade renovations. Applicants are



strongly encouraged to consult with the historic preservation program manager of the City of Bloomington's Housing and Neighborhood Development Department regarding the proposed renovations.

At a regularly scheduled meeting, the BUEA staff will submit the application to the Board of Directors with a recommendation for approval or denial. If approved, funding is awarded upon the completion of approved work and inspection by BUEA staff.



Before and after pictures of a building at 7th and College Ave. that BUEA dollars helped restore.



Zone Business Facility Rehabilitation Loans

The BUEA Zone Business Facility Rehabilitation Loans are designed to encourage adaptive re-use of existing business space within the Zone. Accordingly, the BUEA makes financial assistance available to Zone businesses in the form of a low-interest loan of up to \$25,000 to rehabilitate commercial and industrial properties such that they are brought into compliance with applicable building codes.

For a period of five years from the date of closing of the BUEA loan, the property may not be encumbered with additional financing beyond a bank first mortgage and the BUEA's second mortgage. The BUEA loan amount may include costs associated with the actual and approved code required rehabilitation and the cost of the title search, property appraisal, and recording fees or any other expenses incurred by the BUEA in processing the loan.

Loans will be amortized at one point below prime rate on the date of loan closing over a fifteen year term. Funding is disbursed upon the completion of approved work and inspection by BUEA staff. Businesses wishing to apply for facility rehabilitation loans should call the BUEA at (812) 349-3805 for more information.



Incentives for Zone Investors

In addition to the aforementioned Enterprise Zone Investment Deduction, which may be applicable to investments made in real estate, investors can take advantage of two additional state tax incentives: the Investment Cost Credit and Loan Interest Credit.

Investment Cost Credit

An individual purchasing an ownership interest in a Zone business may be eligible to receive a tax credit of up to 30% of the purchase price. Applicants for the credit must offer a legitimate purpose for the investment, prove that the business is viable and demonstrate that the investment will not be made unless the credit is issued. The Indiana Economic Development Corporation (IEDC) is responsible for determining if a credit will be issued and the size of the credit. For more information, contact IEDC at (317) 232-8800.

Loan Interest Credit

A taxpayer may take a credit of 5% of the interest income received from a qualified loan made to a Zone business or resident. The loan must apply to purposes directly related to the business or increase the assessed value of real property in the Zone, including residential property. Home purchase loans and loans for repairs may not qualify and the lender does not have to be located in the Zone to qualify.

To claim this credit, taxpayers should complete a Schedule LIC and attach it to their state individual or corporate tax return. Claimants must annually file a Form EZB-R with the Indiana Economic Development Corporation and BUEA by June 1, as well as pay a participation fee to the BUEA.

Incentives and Programs for Zone Residents

Zone residents that also work in the Zone are eligible for a state income tax deduction while all Zone residents can benefit from the BUEA's Economic Independence Scholarships. The BUEA also helps Zone residents by providing grants to Monroe County Community School Corporation (MCCSC) schools that serve Zone children. The MCCSC schools eligible to receive funds apply directly to the BUEA every year. To date, the BUEA has provided \$130,000 to MCCSC schools.





Employee Wage Deduction

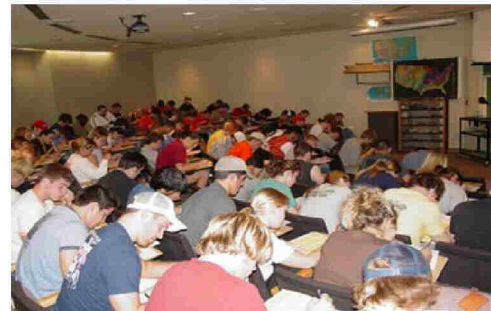
Zone residents are entitled to deduct a portion of their taxable income for state tax purposes if they work 50% of their time in the Enterprise Zone and have at least 90% of their services directly related to the employer's facility in the enterprise zone.

The annual tax deduction is one half adjusted gross income or \$7,500, whichever is less. The deduction is claimed by attaching a Schedule IT-40 QEC to Indiana income tax returns. Zone employees are provided this form by their employers, usually when they receive their W-2.

EXAMPLE: Potential Income Tax Savings		
	Employee A: Qualified for Zone Benefits	Employee B: Not Qualified for Zone Benefits
Indiana Taxable Income	\$15,000	\$15,000
Employee Wage Deduction	(\$7,500)	-0-
Adjusted Taxable Income	\$7,500	\$15,000
Tax Rate	3.4%	3.4%
Tax Due	\$255	\$510
Total Tax Savings	\$255	-0-

Zone Resident Economic Independence Scholarships

The BUEA Zone Resident Economic Independence Scholarships are designed to help Zone residents achieve a greater degree of economic independence through increasing the availability of educational opportunities. Zone residents, who have lived in the Zone for at least 12 months, are eligible to receive up to \$1,200 over their lifetime to take classes that will aid in furthering their economic opportunities.



To apply, submit an application, along with proof of residency, and a course description from the agency/educational institution/organization delivering the class, to the BUEA for review. The Board of Directors allots limited funding to this program, so applicants will be approved or denied on a first-come, first-served basis, until all allotted funding has been spent. Approved applicants will be notified by mail within ten days of receipt the application and payment will be made directly to the institution providing the class.



Street #	Street name
100-1099 ALL	W 1 ST ST
100-112 ALL	E 1 ST ST
100-1199 ALL	W 2 ND ST
1200-1212 EVEN	
100-115 ALL	E 2 ND ST
100-918 ALL	W 3 RD ST
925-1201 ODD	
1245-1301 ALL	
112-116 ALL	E 3 RD ST
100-914 ALL	W 4 TH ST
916-930 EVEN	
100-1499 ALL	W 6 TH ST
100-112 ALL	E 6 TH ST
100-1699 ALL	W 7 TH ST
125 ALL	E 7 TH ST
100-299 ALL	W 8 TH ST
400-1699 ALL	
100-199 ALL	E 8 TH ST
100-299 ALL	W 9 TH ST
600-1199 ALL	
100-199 ALL	E 9 TH ST
100-499 ALL	W 10 TH ST
700-799 ALL	
1000-1299 ALL	
111 ALL	E 10 TH ST
100-350 ALL	W 11 TH ST
350-499 ODD	
500-1399 ALL	
600-899 ALL	W 12 TH ST
1000-1400 ALL	
1406-1600 EVEN	
400-899 ALL	W 13 TH ST
1200-1499 ALL	
100-399 ALL	W 14 TH ST
1000-1099 ODD	
1100-1199 ALL	
100-104 ALL	E 14 TH ST
100-799 ALL	W 15 TH ST
1200-1499 ODD	
100-103 ALL	E 15 TH ST
300-599 ALL	W 16 TH ST
1100-1199 ALL	
100-103 ALL	E 16 TH ST
100-201 ODD	W 17 TH ST
1111,1211,1305	
100-199 ODD	E 17 TH ST
821-906 ALL	W 12 TH CT
821-828 ALL	W 13 TH CT
100-400 ALL	N ADAMS ST
402-598 EVEN	
600-699 ALL	
100-299 ALL	S ADAMS ST
550,545,575	
600-699 ALL	N ALEXANDER ST
100-299 ALL	W ALLEN ST
400-1201 ALL	
102 ALL	E ALLEN ST
2501-2503 ALL	S BANTA AVE
800-910 ALL	N BLAIR AVE
911-1009 ODD	
1100-1212 ALL	W BLOOMFIELD RD
2400-2499 ALL	S BROADVIEW DR
2200-2499 ALL	S BROWN AVE
2300-2699 ALL	S BRYAN ST
300-399 ALL	S BUCKNER ST
1600-1799 ALL	S BUFFSTONE CT
300-399 ALL	S BUCKNER ST
2500-2599 ALL	S CAMDEN DR
200-299 ALL	W CARPENTER DR
1200-2599 ALL	W CENTRAL ST
500-899 ALL	W CHAMBERS DR
600-899 ALL	W CHEROKEE DR
1100-1199 ALL	E COBBLEFIELD CT
100-1399 ALL	N COLLEGE AVE
100-875 ALL	S COLLEGE AVE
1500-1699 ALL	
300-999 ALL	W COOLIDGE DR
900-1299 ALL	WCOTTAGE GROVE AVE
100-108 ALL	E COTTAGE GROVE AVE

Street #	Street name
298-499 ALL	W COUNTRY CLUB DR
600-699 ALL	W CURVE ST
500-599 ALL	W DAVIS ST
104 ALL	E DAVIS ST
300-499 ALL	S DAVISON ST
600-799 ALL	N DIAMOND ST
500-899 ALL	W DIXIE ST
107 ALL	E DIXIE ST
100-899 ALL	W DODDS ST
400-499 ALL	W DRISCOLL DR
103 ALL	E DRISCOLL DR
500-699 ALL	W DUNCAN DR
1000-1199 ALL	N DYER DR
100-499 ALL	N ELM ST
100-198 EVEN	S ELM ST
300-599 ALL	S EUCLID AVE
100-199 ALL	N FAIRVIEW ST
300-999 ALL	
100-499 ALL	S FAIRVIEW ST
700-1199 ALL	
2300-2499 ALL	S FORD AVE
100-199 ALL	S GENTRY ST
100-599,609 ALL	W GRAHAM DR
613,705,707 ALL	
711,800-999 ALL	
2500 ALL	
1500-1599 ALL	S GRANT ST
1600-1699 ALL	S GREYSTONE CT
100-499 ALL	W GRIMES LN
104 ALL	E GRIMES LN
600-635 ALL	W GUY AVE
1400-1499 ALL	W HABITAT ST
1100-1399 ALL	N HANCOCK DR
300-499 ALL	N HAY ST
500-599 ALL	W HAYS CT
1500-1897 ALL	S HENDERSON ST
1899 ALL	
100-499 ALL	W HILLSIDE DR
100-107 ALL	E HILLSIDE DR
108-898 EVEN	
900-1099 ALL	
1101-1199 ODD	
100-199 ALL	N HOPEWELL ST
300-499 ALL	
300-1099 ALL	W HOWE ST
1500-1799 EVEN	S HUNTINGTON DR
1800-1899 ALL	S HUNTINGTON GARDENS PLACE
1400-1499 ALL	W ILLINOIS CT
800-899 EVEN	N ILLINOIS ST
900-1199 ALL	
100-299 ALL	N JACKSON ST
400-499 ALL	
800-1099 ALL	
1106-1110 EVEN	
100-399 ALL	S JACKSON ST
2200-2299 ALL	S JEAN ST
300-499 ALL	W JED ST
400-499 ALL	N JOHN ST
400-499 ALL	W JOY ST
2600-2699 ALL	S KENDALL DR
300-399 ALL	W KENWOOD DR
100-999 ALL	W KIRKWOOD AVE
1000-1298 EVEN	
1300-1599 ALL	
100-111 ALL	E KIRKWOOD AVE
100-1400 ALL	W KISSELL DR
800-1118 EVEN	N LINDBERGH DR
919, 919 ½ ALL	
100-299 ALL	N MADISON ST
800-1224 ALL	
100-599 ALL	S MADISON ST
800-1300 ALL	
1400-1499 ALL	
2300-2799 ALL	
100-499 ALL	N MAPLE ST
600-999 ALL	
1200-1230 ALL	
1231-1311 ODD	

Street #	Street name
100-599 ALL	S MAPLE ST
1-126 ALL	MAPLE COURT
	MOBILE HOME
	COMMUNITY
400-599 ALL	E MELROSE AVE
100,121,122 ALL	E MILLER DR
333-801 ODD	
802-999 ALL	
1300-1499 ALL	S MLTON DR
2300-2499 ALL	
1300-1424 ALL	S MONON DR
600-803 ALL	N MONROE ST
904-1099 ALL	
1100-1399 ODD	
600-799 ALL	E MOODY DR
100-699 ALL	N MORTON ST
300-1199 ALL	S MORTON ST
2-85 ALL	NICHOLSON'S
	MOBILE HOME VILLA
	N OAK ST
100-299 ALL	
400-499 ALL	
800-1099 ALL	W ORRIS DR
600-799 ALL	N ORRIS DR
1700-1799 ALL	S PARK AVE
300-599 ALL	S PATTERSON DR
600-1099 ODD	
1100-1400 ALL	
100-299 ALL	N PINE ST
1600-1799 ALL	S PINESTONE CT
400-599 ALL	W PROSPECT ST
500-511 ALL	W RALSTON DR
100-299 ALL	N RITTER ST
2000-2199 ALL	S ROCKPORT RD
2201-2499 ODD	
2202, 2206 ALL	
2500-2519 ALL	
100-799 ALL	N ROGERS ST
900-1099 ALL	
100-2799 ALL	S ROGERS ST
100-1099 ALL	W SMITH AVE
100-199 ALL	E SMITH AVE
200-220 EVEN	
100-599 ALL	E SOUTHERN DR
100-199 ALL	W SOUTHERN DR
200-498 EVEN	N SPRING ST
1100-1500 ALL	S. STRONG DR
600-699 ALL	N SUMMIT ST
900-1099 ALL	
600-899 ALL	E THORNTON DR
1600-1699 ALL	S TROY CT
100-399 ALL	E VERMILYA AVE
1301-1317 ODD	W VERNAL PIKE
100-399 ALL	N WALDRON ST
100-199 ALL	S WALDRON ST
300-799 ALL	S WALKER ST
100-1915 ALL	
100-1399 ALL	N WALNUT ST
100-1921 ALL	S WALNUT ST
300-398 EVEN	S WASHINGTON ST
400-423 ALL	
424-498 EVEN	
300-499 ALL	W WATSON ST
1100-1180 ALL	S WEATHERSTONE LN
1345-1444 ALL	
1470-1476 ALL	
400-499 ALL	N WILLIAM ST
400-499 ALL	W WILSON ST
100-104 ALL	E WILSON ST
900-1327 ALL	N WOODBURN AVE
1100-1499 ODD	S WOODLAWN AVE
500-899 ALL	W WYLLIE ST
100-109 ALL	E WYLLIE ST

UPDATED 3/2007